World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 16-86

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

SOVIET UNION

Soviet Spring Seeding Is Well Ahead of Last Year. Soviet spring seeding is well ahead of the 1985 pace, but is behind other recent years, according to the U.S. agricultural attache in Moscow. As of April 14, some 17.8 million hectares of spring crops (including 9.4 million of small grains and pulses) had been seeded. Comparable figures for 1985 were 9.6 million and 5.4 million, respectively, clearly showing the delay caused by last year's late spring. On the same date in 1974, spring crops had been planted on 23.3 million hectares, of which 14.0 million were small grains and pulses. According to the attache, the good pace initially achieved this season as the result of warm, dry weather was slowed somewhat by recent rains and cooler temperatures. The attache also reports that winter crops are developing 15-20 days ahead of normal in the Ukraine and North Caucasus.

GRAIN AND FEED

U.S. Corn Becoming Uncompetitive in Korea. The European Community (EC) recently sold an additional 50,000 metric tons of feed wheat to Korea. The entry of EC feed wheat into the Korean market apparently has prompted a downward spiral in the price of imported feed grains, leading to a dramatic decline in the U.S. share of Korea's feed grain imports. Since early March, feed wheat prices have fallen from US$110 per ton c.& f. to $95 per ton, while corn prices have dropped from US$109 to $102 per ton.

As a result of uncompetitive U.S. prices, the U.S. share of the Korean feed grain market stands at 16 percent for the first several months of 1986, down sharply from 99 percent in 1982. Korea's traditional reliance on corn for the bulk of its feed grain imports began to change in 1983, mainly due to the large supplies of weather-damaged Australian wheat which were made available at or below the cost of corn. From an insignificant role in 1982, feed wheat has since captured over 20 percent of the Korean market.

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Argentina's Corn Sales to Nontraditional Markets Continue. Argentina's aggressive program to market its record 1985/86 (October-September) corn export availabilities of 9.5 million tons continues to displace U.S. corn exports to traditional U.S. markets. Prompted by an apparent lack of Soviet corn purchases, Argentina continues to seek new outlets for its corn and recently made unprecedented sales to Korea.

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To date, 90,000 tons of Argentine corn have been sold to Korea and additional sales are possible. Prior to 1984, the United States supplied virtually all of Korea's 3-million-ton corn import requirements. However, since 1984, corn from Thailand, China and now Argentina, as well as feed wheat imports have displaced over a third of the U.S. corn exported to Korea.

OILSEEDS AND PRODUCTS

Mexican Vegetable Oil Imports To Be Up in 1986/87. Because of low international vegetable oil prices and lower domestic oilseed production, the U.S. agricultural counselor in Mexico City forecasts Mexico's 1986/87 vegetable oil imports will increase to 286,000 tons, an increase of over 50 percent from the 1985/86 level. Almost all of the imports are expected to come from the United States.

The United States is expected to continue as Mexico's predominant supplier given Mexico's oil needs and financial situation, coupled with the availability of GSM-102 credit guarantees. Soybean and sunflowerseed oil imports during 1986/87 are forecast at 150,000 and 125,000 tons, respectively, both up 50,000 tons from last year. Oilseed imports are also forecast to increase slightly to 2.3 million tons, from 2.2 million tons.

DAIRY, LIVESTOCK AND POULTRY

EC Intervention Butter Bound for USSR. A Belgian trading firm reportedly has bought 100,000 tons of EC intervention butter for 1986 delivery to the USSR. The shipment reportedly consists of 20,000 tons of salted butter, priced at $280 per ton, and 80,000 tons of unsalted butter, priced at between $325 and $330 per ton. The quotes are f.o.b. with three-month credit. Soviet butter imports have run about 200,000 tons per year.

The quoted prices are substantially below both the General Agreement on Tariffs and Trade (GATT) minimum of $1,000 per ton and recent EC quotes in the $1,000-$1,200 per ton range. The GATT derogation on butter prices permits such a sale so long as the quantity is no less than 100,000 tons. While the United States exports no butter to the USSR, these low prices will likely depress butter prices further, hampering U.S. exports to other markets.

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U.K. Dairy Production Remained Unchanged in 1985. Milk production in the United Kingdom totaled 16.6 million tons in 1985, essentially unchanged from 1984, according to the U.S. agricultural counselor in London. Forecasts made earlier in the year assumed milk production would decline in proportion to the decline in cow numbers, estimated at 3 percent. However, increased productivity due to improved feeding and management techniques largely offset the decline in milk cow numbers. Current forecasts indicate milk cow numbers will decline about 1 percent in 1986, but increased production per cow is expected to offset the decline in cow numbers.

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Production of cheese increased about 4 percent in 1985, with most of the increase destined for the domestic market. Another increase in cheese output and domestic use is expected in 1986. Butter output declined 2 percent in 1985; however, it was insufficient to prevent a further buildup in stocks. Butter production in 1986 is expected to remain at the 1985 level.

FRUIT

Cold Wave Hits Northwest Europe. An unusually cold wave hit northwest Europe April 11-13. Temperatures across much of West Germany dropped to 20°F (-6.5 °C) or below each of the three nights. Temperatures in northern and northwest France fell to 25°F (-4°C) or below. Damage assessments will be released as they become available.

According to the U.S. agricultural counselor in Madrid, subfreezing temperatures in Spain on April 12-13 damaged fruits, vegetables and tree nuts in Aragon, Catalonia, Valencia, Extremadura and Castile La Mancia. No official assessments have been released. Preliminary damage reports according to trade sources indicate that severe losses could be recorded for almonds, peaches, apricots and pears. No damage to citrus was reported. More specific damage assessments will be released as they become available.

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World Pineapple Output To Increase in 1986. World commercial production of fresh pineapple in 1986 is forecast at a record 5.88 million tons, 8 percent above the 1985 volume. Thailand is expected to continue as the world's largest producer with a crop of 1.9 million tons. A revised data series by the Ministry of Agriculture and Food in Manila estimates the Philippine harvest in 1986 at 1.8 million tons. Adjustments were also made for previous years.

Production gains are forecast for both the United States and Mexico which, together with Thailand and the Philippines, annually account for approximately 80 percent of the world's commercial supplies. The short-term projection for the U.S. industry is stabilization at current levels. However, continued growth is expected in Mexico, where favorable producer returns the past two seasons have generated significant increases in plantings.

Area increases, excellent moisture conditions and higher yields are expected to boost production in the Ivory Coast and South Africa to record levels. Preliminary assessments projecting bumper crops in Malaysia and Taiwan indicate that Malaysia's new, high-yielding varieties and Taiwan's expanding mechanization are proving successful in reviving the pineapple industries in those countries.

Australia and Kenya are the only commercial producers expected to harvest smaller crops this season. The downturn reflects a slight decline in area and yields following record harvests in both countries last year.

Fresh pineapple planted area and commercial production in selected countries is as follows in 1,000 hectares and 1,000 tons, respectively:

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Country	1984 Area	1984 Prod.	1985 Area	1985 Prod.	1986 1/ Area	1986 1/ Prod.
Australia	6.0	115.1	6.9	135.3	6.8	130.0
Ivory Coast	7.1	227.6	8.5	298.0	9.0	327.0
Kenya	3.3	159.0	3.3	168.1	3.2	157.8
Malaysia	15.4	174.5	15.1	182.3	15.1	187.8
Mexico	8.0	260.0	10.0	350.0	11.0	450.0
Philippines	91.7	1,448.6	93.0	1,650.0	97.8	1,800.0
South Africa	30.0	184.3	31.0	240.2	31.6	257.8
Taiwan	5.1	123.6	5.6	140.0	5.9	150.0
Thailand	90.5	1,472.5	95.4	1,768.9	95.0	1,900.0
United States	14.2	544.3	14.0	512.6	14.0	521.6
Total	271.3	4,709.5	282.8	5,445.4	289.4	5,882.0

1/ Forecast.

EXPORT ENHANCEMENT PROGRAM

The status of USDA's Export Enhancement Program as of April 18, 1986, was as follows in metric tons:

Announced Initiatives	Quantity	Results/Status
1. Algeria Wheat	June 4, 1985 1,000,000 April 10, 1986 1,000,000	Sold 1,000,000 Complete
2. Egypt Wheat Flour	July 2, 1985 600,000	Sold 175,000
3. Egypt Wheat	July 26, 1985 500,000 October 30, 1985 500,000	Sold 500,000 Complete
4. Yemen Wheat Flour	August 20, 1985 50,000 April 14, 1986 100,000	Sold 31,500
5. Yemen Wheat	September 6, 1985 100,000	
6. Morocco Wheat	September 30, 1985 1,500,000	Sold 760,000

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Announced Initiatives	Quantity	Results/Status
7. Turkey Wheat	October 16, 1985 500,000	Sold 506,600 Complete
8. Jordan Rice	November 8, 1985 40,000	
9. Philippines Wheat Flour	November 15, 1985 100,000	Sold 50,000
10. Zaire Wheat Flour	November 18, 1985 64,000	Sold 45,000
11. Egypt Poultry	November 26, 1985 8,000 March 21, 1986 15,000	Sold 8,000 Complete
12. Iraq Wheat Flour	December 9, 1985 150,000	Sold 37,500
13. Nigeria Barley Malt	December 10, 1985 100,000	
14. Zaire Wheat	December 27, 1985 40,000	Sold 20,000
15. Philippines Wheat	January 7, 1986 150,000	Sold 152,400 Complete
16. Algeria Semolina	February 11, 1986 250,000	
17. Algeria Wheat Flour	February 25, 1986 100,000	
18. Tunisia Wheat	March 18, 1986 300,000	Sold 50,000
19. Jordan Wheat	March 19, 1986 75,000	
20. Iraq Dairy Cattle	April 4, 1986 6,500 head	
21. Algeria Table Eggs	April 4, 1986 500,000,000	
22. Benin Wheat	April 7, 1986 45,000	
23. Syria Wheat	April 8, 1986 700,000	
24. Indonesia Dairy Cattle	April 9, 1986 7,500 head	
25. Yugoslavia Wheat	April 10, 1986 200,000	
26. Yemen Poultry Feed	April 14, 1986 150,000	
27. Egypt Dairy Cattle	April 16, 1986 6,000 head	
28. Turkey Dairy Cattle	April 16, 1986 5,000 head	
29. Morocco Dairy Cattle	April 16, 1986 4,000 head	
30. Algeria Barley	April 17, 1986 500,000	

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Announced to date	9,275,000 (grain equivalent)
	500 million table eggs
	23,000 tons frozen poultry
	29,000 head of dairy cattle
Sold to Date	2,989,600 wheat
	464,800 flour, grain equivalent
	8,000 frozen poultry
Bonus	$145.6 million at book value (992,600 tons)

Selected International Prices

Item	April 22, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	189.00
U.S. No. 2 DNS/NS: 14%....	169.00	4.60	-1.00	173.75
U.S. No. 2 S.R.W. 10/	114.00	3.10	-9.00	163.50
U.S. No. 3 H.A.D.........	162.00	4.41	-1.50	181.00
Canadian No. 1 A: Durum...	N.Q.	--	--	189.50
Feed grains:				
U.S. No. 3 Yellow Corn....	113.00	2.87	--	136.00
Soybeans and meal:				
U.S. No. 2 Yellow........	213.40	5.81	+1.40	242.75
Brazil 47/48% SoyaPellets	195.00	--	+3.00	154.00
U.S. 44% Soybean Meal....	187.50	--	-.50	149.00
U.S. FARM PRICES 3/				
Wheat....................	116.83	3.18	--	124.18
Barley...................	N.Q.	N.Q.	N.Q.	85.89
Corn.....................	89.76	2.28	+.79	105.12
Sorghum..................	82.45	3.47	+.22	97.88
Broilers.................	1145.73	--	+25.57	1028.67
EC IMPORT LEVIES				
Wheat 5/.................	167.85	4.57	+10.30	70.15
Barley...................	160.80	3.50	+14.45	66.10
Corn.....................	151.40	3.85	+9.95	60.25
Sorghum..................	156.40	3.97	+9.40	74.60
Broilers 4/ 6/ 8/........	320.00	--	-13.00	165.00
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	196.70	5.35	+8.30	154.55
Bread wheat (min. quality)	209.20	5.69	+8.80	164.30
Barley and all other feed grains.......	196.70	--	+8.30	154.55
Broilers 4/ 6/...........	1392.00	--	-49.00	1087.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	27.00
Barley...................	N.A.	N.A.	--	N.A.
Broilers 4/ 6/ 8/........	233.00	--	-9.00	98.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ July shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.

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